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9 February 1961

CURRENT INTELLIGENCE WEEKLY SUMMARY



CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****9 February 1961****THE WEEK IN BRIEF****PART I****OF IMMEDIATE INTEREST****LAOS Page 1**

With the occupation of the strategic junction of Phou Khoun, government forces are planning a move eastward ~~on the strongly defended Kong Le - Pathet Lao base area~~ of the Plaine des Jarres; the forces committed to this movement, however, are believed inadequate. Probing action has already met strong resistance.

The Chinese Nationalist irregulars who retreated into northwestern Laos from Burma are not now near any significant Pathet Lao concentration, [REDACTED]

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Recent aerial reconnaissance indicates that Route 7 is open to truck traffic from North Vietnam as far as Ban Ban, some 40 miles inside Laos. Bloc airlift operations also continued throughout the week to supply the Kong Le - Pathet Lao forces.

Moscow still has not responded to the British compromise proposal on 21 January for the return of the International Control Commission. [REDACTED]

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CONGO Page 4

Mobutu, despite logistics problems and the questionable reliability of his troops, has begun to implement plans to retake Stanleyville. His river blockade of Stanleyville has been effective. The UAR and the bloc are still unable to send supplies for Gizenga across the Sudan. Meanwhile, Kasavubu has announced formation of a new Ileo government to replace Mobutu's commissioners. However, in view of the absence of representatives from the Katanga and Stanleyville regimes, it is unlikely to gain much wider acceptance than the Kasavubu-Mobutu administration. [REDACTED]

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SOVIET PRESS COMMENTARY ON US POLICY Page 7

Moscow's first press criticism of the US administration appeared in Izvestia and Pravda articles of 4 and 5 February. Having permitted publication of the full text of the President's State of the Union message, the Soviet leaders probably felt those passages dealing with the bloc and specific East-West issues called for a response. First Deputy Premier Kosygin has indicated that Khrushchev will return to New York for the UN General Assembly session, which resumes on 7 March. [REDACTED]

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THE WEEK IN BRIEF

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****9 February 1961****PART I (continued)****CUBA AND THE CARIBBEAN Page 9**

The Cuban Government continues to be troubled by guerilla activities in the Sierra Escambray area, and is now indicating some concern over the opposition efforts of Catholic and private school students. Castro's seizure of the company supplying water to the Guantanamo Naval Base does not increase the regime's capability to cut off the water supply or otherwise harass the base. However, it does enable the Cuban Government to raise water rates in an effort to obtain additional needed dollars.

The Trujillo dictatorship's economic difficulties have intensified, and in Haiti the threat of public disorders is increasing. The new civil-military leadership in El Salvador has succeeded in curbing leftist elements.

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PART II**NOTES AND COMMENTS****SOVIET PARTY LEADER DEMOTED Page 1**

The appointment of Soviet presidium member Averky Aristov as ambassador to Poland is considered the result of political maneuvering among Khrushchev's lieutenants. Aristov has been relieved of his position as Khrushchev's deputy on the central committee's bureau for the RSFSR (Russian Republic), and his formal removal from the presidium is probably only a matter of time. Party Secretary Frol Kozlov and RSFSR Premier Dmitry Polyansky stand to benefit most from Aristov's reverses.

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SINO-SOVIET RELATIONS Page 2

In contrast to the differences expressed openly by the Soviet Union and China in the period before the Moscow conference of Communist leaders in November, the two countries now present an air of cooperation and agreement. Despite the present stress on the importance of Sino-Soviet solidarity and the attempts to play down differences, however, basic disagreements are still indirectly expressed in commentary from Moscow and Peiping. Should either party overstep the established limits for debate and policy, the dispute will almost certainly be renewed openly.

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THE WEEK IN BRIEF

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****9 February 1961****PART II (continued)****PEIPING MOVES TO ALLEVIATE DISCONTENT Page 4**

Food shortages and public discontent have forced Peiping to make some concessions to the workers and peasants. These include provision of greater material incentives, toleration of black markets, and permission for peasants to cultivate their own gardens. In addition, negotiations have now been completed for the purchase of about 2,400,000 tons of food grains outside the bloc. Peiping is concerned about the impression created abroad by accounts of Chinese food shortages.

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NORTH KOREA HALTS REPATRIATION OF KOREANS FROM JAPAN . . . Page 5

Pyongyang has suspended indefinitely the program under which nearly 55,000 of the 600,000 Koreans living in Japan have been repatriated to North Korea since December 1959. Although concern over an influenza epidemic in Japan was used as a pretext, it appears that the reason is the embarrassment caused the Communists by a sharp drop in applications for repatriation. The North Koreans, however, are still hopeful that the issue will afford opportunities for irritating relations between Tokyo and Seoul, and they probably will resume the program later this year as a backlog of applications builds up.

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SOVIET-JAPANESE FISHERY NEGOTIATIONS Page 6

The annual talks between the USSR and Japan over fishing rights in the northwest Pacific began on 4 February. Discussions between Soviet and Japanese officials preceding the formal negotiations suggest that the USSR will continue to insist, as it has for several years, that the Japanese salmon catch be further reduced. Moscow will probably argue strongly that, in the interest of salmon conservation, there must be a southward expansion of the zone off the Kamchatka Peninsula and Kuril Islands in which Japanese fishing is restricted.

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INDIAN THIRD FIVE-YEAR PLAN TO BE EXPANDED Page 7

Revisions in India's Third Five-Year Plan, which will go into effect on 1 April, will increase the requirement for foreign loans or grants to at least \$5.8 billion. Less than 25 percent of this amount has yet been assured. Proposed outlay has been raised to \$24.15 billion, largely as a result of pressures on Nehru and other cabinet members from political leaders in the Indian states. Although the plan is more ambitious than ever, Indian leaders, mindful of next year's general elections, believe it must be "bold and big" if it is to come at all close to meeting the country's political and economic requirements.

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THE WEEK IN BRIEF

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****9 February 1961****PART II (continued)****IRANIAN ELECTIONS NEARING COMPLETION Page 8**

The Iranian parliamentary elections in progress since mid-January and now nearing completion have stimulated the strongest antiregime sentiment in recent years. The largest demonstrations have occurred in Tehran, where university students struggled with the police and demanded the overthrow of the Shah. Government-backed candidates, including 14 "independents," are reported to have won prearranged victories in nearly all constituencies.

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DISCONTENT IN ETHIOPIA Page 9

The situation in Ethiopia eight weeks after the abortive coup appears to be deteriorating. Haile Selassie, preoccupied with handing out rewards and punishments, still delays forming a new government. Widespread concern over the fate of Menghistu Neway, the popular rebel leader whose trial is reportedly imminent, is arousing sympathy for the rebels. Dissident elements continue to spread antiregime rumors and to distribute subversive leaflets,

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DISSENSION IN FRENCH COMMUNIST PARTY Page 10

Dissension has been developing within the top leadership of the French Communist party (PCF). In mid-January, accusations of rightist deviation were made against politburo members Marcel Servin and Laurent Casanova. The dispute centers primarily on their dislike of the PCF's policy of total opposition to De Gaulle, particularly his Algerian policy. There is support for the deviationist views among lower echelons of the party, and Secretary General Maurice Thorez apparently fears that strong disciplinary action would provoke extensive defections.

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FINLAND AND THE OUTER SEVEN Page 12

Finland's application to participate in the European Free Trade Association (EFTA or Outer Seven) will be a major issue before the EFTA council at the meeting which opens on 14 February. Although EFTA's members generally accept the political importance of linking Finland more closely to the West, they remain concerned over the implications of President Kekkonen's agreement last November to extend equivalent tariff advantages to the USSR. There is little likelihood that Kekkonen could renegotiate his agreement with Moscow even if he were persuaded to try.

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THE WEEK IN BRIEF

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****9 February 1961****PART III****PATTERNS AND PERSPECTIVES****"GUIDED DEMOCRACY" AND THE INDONESIAN COMMUNIST PARTY . . . Page 1**

President Sukarno of Indonesia in 1957 rejected parliamentary government as incapable of solving Indonesia's problems. Since then he has controlled affairs under the slogan of "guided democracy." He draws his principal support from two sources, each in conflict with the other--the Communist party and the anti-Communist army. He maintains his position by balancing these groups while relying upon his great popularity with the mass of people. The Communists have been given only advisory posts at the national government level. Despite some discontent among the Communists over cooperation with Sukarno, they have benefited by supporting him; and since his foreign policy does not conflict with Sino-Soviet bloc interests, they can be expected to continue their support.

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SECRET**v****THE WEEK IN BRIEF**

SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****9 February 1961****PART I****OF IMMEDIATE INTEREST****LAOS**

Vientiane forces on 4 February occupied the junction of Routes 13 and 7 just north of Phou Khoun, opening the western approach to the enemy-held Plaine des Jarres area. Kong Le - Pathet Lao troops, after several days of delaying action, apparently offered little resistance to the final move on the crossroads. Artillery fire probably was the government's major asset in retaking this important position.

Nearly half the force which occupied the Phou Khoun junction is to be left behind to guard against enemy counterattacks.

even the entire force would be barely sufficient to capture the Plaine des Jarres.

Phoumi reportedly hopes to retake the Plaine des Jarres within a week, but is likely to find it a formidable objective. His overoptimism suggests that he may not be prepared for any surprise resumption of offensive operations by enemy forces. The Kong Le - Pathet Lao force which abandoned Muong Kassy and Phou Khoun is believed to have withdrawn along Route 7 virtually intact. Other forces in the Plaine des Jarres area have had over a month to prepare their defenses, and their supply position has been steadily improved by the Soviet airlift. Route 7 between the crossroads and the Plaine des Jarres runs through rugged terrain highly suitable for ambushes.

Substantial numbers of Kong Le - Pathet Lao troops continue to block the southern approaches to the Plaine des Jarres in the vicinity of Ban Ta Viang, and the government airstrip at Tha Thom has recently been reported under sporadic shelling by 120-mm. mortars. The government has managed to reinforce Tha Thom, however, making its hold on this position somewhat less tenuous than previously. Elsewhere in the country, sporadic Pathet Lao harassment of isolated government posts continued during the week.

In Phnom Penh, Souvanna Phouma recently told the British ambassador that he hoped to make a "brief visit" of one or two days to Phong Saly and Xieng Khouang to see "troops and ministers loyal to me." The ambassador received the impression that Souvanna was set on going as soon as possible. Afterward Souvanna plans to visit Saigon, New Delhi, Cairo, Paris, London, and Moscow but to return to Phnom Penh "if Sihanouk permits." The Cambodian leader reportedly opposes Souvanna's plans to go to Laos. Sihanouk apparently fears this may ruin chances for his proposed 14-nation conference to deal with the Laotian crisis.

Souvanna's recent statements to the press reveal an increasingly bitter attitude toward the United States for alleged "double-dealing."

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Souvanna to date has not acknowledged the Pathet Lao radio's claim that he had designated Khamsouk Keola as "acting premier" in Xieng Khouang, to be assisted by Quinim Pholsena and Tiao Sisoumang.

Souvanna's public references to his "ministers" in Laos, moreover, imply that Khamsouk and the others are authorized to act in his behalf on Lactian soil.

The Pathet Lao and the "lawful (Souvanna) government"

Xieng Khouang early last month, and a similar body was created --on paper at least--in Pathet Lao - controlled Sam Neua Province last fall, before the Souvanna government in Vientiane was ousted. Phong Saly may be the next area to receive such an administration.

The Chinese Nationalist irregulars who retreated into northwestern Laos in the wake of a Burmese Army offensive late last month appear determined to settle down there.



have announced formation of a "joint administrative committee" for Luang Prabang Province, bringing to three the number of provinces having such coalition governments. A provincial coalition was established in

In their present location in Nam Tha Province, the irregulars are not likely to come into significant contact with the Pathet Lao, who are not believed to have important strength in the area. For the moment at

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least, Phoumi would probably not be inclined to accept any offer by the irregulars to play an active role in the fighting. He is doubtless not averse, however, to permitting them to stay where they are for future use. Quoting Hong Kong newspapers and Western press agencies, Peiping has broadcast reports of the irregulars' presence in Laos.

The Boun Oum government capped a six-week anti-French campaign on 5 February by "symbolically" taking over Seno base in southern Laos. The 300 French military personnel at Seno, apparently on instructions from Paris, offered no resistance. However, the French have reserved their position on Seno, claiming that the Geneva agreements of 1954 gave them control of the base; they show no sign of being prepared to withdraw. Protracted and possibly acrimonious negotiations will be required before the status of Seno is clarified. In the meantime, feeling between the Laotians and the local French is running high.

The bloc still shows little disposition to negotiate a prompt end to the civil war. Moscow continues to delay its reply to Britain's 21 January proposal that reactivation of the International Control Commission (ICC) be discussed with the King of Laos; Peiping, publicizing speeches made at a 2 February rally, is on public record opposing any compromise with Western formulas.

The Peiping rally was small by Chinese standards--attend-

ance was "over 1,000"--but it gave Foreign Minister Chen Yi a forum to restate his government's position on Laos. This position has shifted somewhat since late December, when Peiping, like Moscow and Hanoi, called for immediate reactivation of the ICC. Now Chen Yi states that, "in view of the changed situation in Laos," even to reactivate the ICC, it would be necessary first to convene an "enlarged" Geneva conference. There is no change, however, in the Chinese position that regardless of what action is taken to solve the Laotian crisis, it must be taken "only by contacting and cooperating with the lawful government headed by Prince Souvanna."

In his rally speech, Chen Yi also drew attention to Soviet support for pro-Communist forces in Laos--support he described as a "righteous action." Chen Yi did not say how this support was being delivered--the USSR does not admit it is operating an airlift--and his remarks may have been intended to justify his own offer of support if requested by the "lawful government." Soviet assistance was mentioned again by Hanoi in a 7 February broadcast of a recent interview with Kong Le, who expressed his thanks for assistance given by "the Soviet Union and other socialist countries."

Airlift operations into Laos continued throughout the

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25X1 week. The Plaine des Jarres area apparently now is being supplied overland via Route 7. Aerial reconnaissance [redacted]

25X1 [redacted] indicates that the road is open to truck traffic between the North Vietnamese border and Ban Ban, some 40 miles inside Laos. There are reports that as many as 75 trucks are carrying supplies from North Vietnam to the Pathet Lao over this route.

While this road could become an important Communist supply route, a major effort would be required to keep it passable during the rainy season, which will begin in about two months.

The Pathet Lao now have Soviet 85-mm. field guns in addition to 105-mm. howitzers and 120-mm. mortars. [redacted]

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[redacted] Three enemy soldiers who surrendered in the Phou Khoun area reported that there were two 105-mm. howitzers and two 120-mm. mortars there and that two Pathet Lao platoons at Ban Na Nan were equipped with four 85-mm. artillery pieces of Czech manufacture. [redacted]

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CONGO

Mobutu has begun a two-pronged offensive against the Gizenga regime in Stanleyville. A northern movement is to take off from Bumba in Equateur Province and proceed to Stanleyville via Buta. Preparations were noted on 7 February at Leopoldville when more than 50 trucks--some containing ammunition--were loaded on barges in areas sealed off to nonofficial traffic. Some 290 troops, reinforcements for forces already at Bumba, were scheduled to leave by river late on 7 February, while an additional 185 troops, 34 trucks, and at least four antiaircraft guns are being shipped to Lisala.

Mobutu has left for Bumba and plans to be away from Leopoldville for about two weeks.

The other movement will use 300 troops which reportedly left on 7 February for Luluabourg; from there, they are to advance to Stanleyville through Lodja and Ikela. Mobutu, however, faces serious logistic problems, and the reliability of his troops is questionable, particularly in connection with the Luluabourg route.

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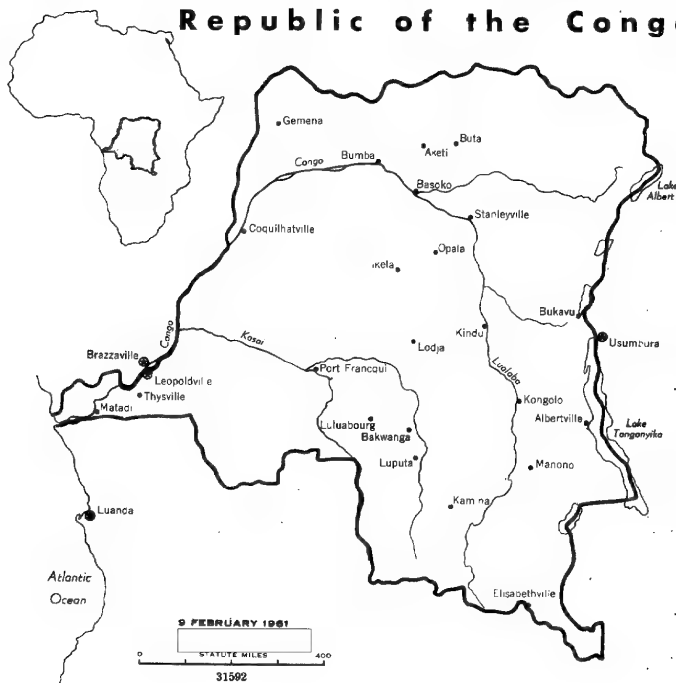
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premier-designate is Joseph Ileo, who was appointed in a similar capacity last summer to replace Lumumba. Ileo's cabinet has many holdovers from previous governments but fails to include any representatives of the Katanga or Stanleyville regimes. It is not likely, therefore, to gain any greater acceptance by the neutralist and Communist nations than the Kasavubu-Mobutu administration. Furthermore, Kasavubu's action may cause a split with Mobutu, whose attitude toward the new cabinet is unknown.

Meanwhile, in Leopoldville President Kasavubu on 9 February announced the formation of a new government to replace Mobutu's commissioners. The

In addition, the cooperation of Katanga Province with the Leopoldville regime may become more difficult in the future if rabid secessionists like Jean Kibwe, the deputy premier of Katanga, increase their influence.

Republic of the Congo

The ability of the Stanleyville regime to oppose Mobutu's military activities may be reduced as a result of his river blockade and the resultant acute gasoline shortage. Mobutu asserts that disaffection already exists among Gizenga's troops in eastern Kivu Province. Gizenga has been unable to market the cotton and palm oil crops of his area.

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So far Gizenga has received no significant assistance because of the Sudan's refusal to allow the UAR and the bloc to send supplies across its territory. On 7 February the Sudan warned that it would not permit any overflight, even a Red Cross mission, not sanctioned by the UN.

Gizenga's adherents probably stand to gain some equipment left by the UAR battalion in Equateur Province when it was withdrawn from the Congo in early February. The UAR battalion reportedly took out some 7 tons of equipment less than was shipped in.

At the United Nations there has been a widely favorable response to Hammarskjold's proposals, which include the neutralization of Congolese factions. Most Afro-Asian nations believe his ideas are a "step in the right direction," but they generally stress the need for the early release of Lumumba. Nigeria would make the UN responsible for law and order and permit the release of all political prisoners. In addition, the Nigerians emphasize the urgency of recalling parliament prior to the formation of a new, broadly based federal government.

In private conversations Soviet representative Zorin has expressed doubts that Hammarskjold's proposals would work and insisted that Lumumba's immediate release and the with-

drawal of all Belgians from the Congo were prerequisites for any solution of the Congo situation. Britain, France, and Belgium have reservations over the new proposals because of concern that Kasavubu's position may be undermined.

Brussels and Paris appear to be getting more deeply involved in the internal Congo situation. Paris did not prevent French Colonel Trinquier from accepting an appointment as head of the Katangan armed forces, requiring only that he first retire from the French Army.

Subsequently French officials have indicated that Paris opposes service by Frenchmen in Katangan forces and pointed to a recent amendment of the nationality code allowing deprivation of French citizenship for serving in foreign armies. Officials said that the government was also opposed to the recruitment activities of Katangan agents in France but made no mention of any plans to curb them.

Meanwhile, Trinquier's remarks in a 4 February press conference that it is impossible to unify the Congo suggest that his influence may weaken Tshombé's willingness to maintain even his present tenuous contacts with Leopoldville and thus further complicate the problem of inducing Katanga to participate in a federated Congolese state.

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SOVIET PRESS COMMENTARY ON US POLICY

Moscow's first direct press criticism of President Kennedy's administration appeared in Izvestia and Pravda articles of 4 and 5 February. Having permitted publication of the full text of the President's State of the Union message, the Soviet leaders probably felt those passages dealing with the bloc and specific East-West issues called for a response.

Both articles and a similar commentary in the weekly magazine Life Abroad found fault with the address. It was said to repeat "cold war echoes" and to have failed "to renounce old, worn-out ideas." The main criticism was directed against the defense measures announced and the statements on arms control, which Izvestia described as avoiding the question of "effective disarmament." Both papers attacked the statements on the aspirations of world Communism and the references to the situation in Cuba.

The critical tone of these commentaries probably was designed to convey the impression that the Soviet leaders believe the United States has failed to respond adequately to their initial overtures for improving relations. Bloc spokesmen have taken a similar line [redacted] by stressing that the next move is up to the United States.

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Izvestia commented that although the President's message reflected a "passing" awareness of the crucial stage in international relations, the US must now draw the "appropriate conclusions." Pravda cautioned against any judgment of US policies on the basis of the "first steps" taken by the US and asserted that only time will tell if the administration intends to embark on a new course in foreign policy.

The Soviet press on 3 February carried lengthy and largely

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accurate reports of the President's press conference on 1 February. Quotations of his remarks on a meeting with Khrushchev and on Berlin policy were repeated verbatim.

Extensive press and television coverage of the President's economic message to Congress was utilized to present only negative sides of the US economic situation. Soviet bloc commentaries on the President's special message to Congress on the US balance of payments and gold reserves pointed out that he failed to deal with the main cause of the difficulties -- "unproductive military expenditures" to maintain foreign bases and support "puppet regimes."

Soviet reports of Secretary Rusk's first press conference included his statement that the release of the RB-47 crew members did not mean that all problems between the US and the USSR had ceased to exist.

The propaganda pattern developed by the USSR and the European satellites since the inauguration features relatively factual coverage of statements by US officials, some indication of optimism over future Soviet-American relations, but a skeptical over-all tone. This combination reflects conflicting policy pressures on the Soviet leaders; they wish to create a favorable climate for the advancement of their objectives through negotiations with the West, but at the same time to avoid too favorable an estimate of US intentions--which might intensify the dispute with the Chinese.

Moscow will probably maintain a conciliatory position on the official level, but at the same time reply critically to US statements on the bloc's international posture and on specific East-West problems. In contrast to the criticism in the Izvestia article of 4 February, the Soviet note on the same date, agreeing to a postponement of the Geneva talks, omitted the standard Soviet position that the USSR preferred to expedite matters and was agreeing only as a concession to the US. Instead, Moscow noted the US desire to reach a successful conclusion to the talks.

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Soviet spokesmen have indicated that Khrushchev would attend the regular assembly session and would expect to meet with the President.

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CUBA AND THE CARRIBBEANCuba

Despite Castro's seizure of the company which controls the water supply of the Guantanamo Naval Base, there is still no indication that he will attempt to use force against the base. The action does not enhance Cuba's ability to cut off the water supply to the base. However, it will enable the Cuban Government to raise water rates in an effort to obtain additional needed dollars.

During the television interview on 1 February Foreign Minister Roa reaffirmed an earlier Castro statement that Cuba would seek the recovery of Guantanamo through the channels of international law. The Cuban contention, according to Roa, is that the 1903 US-Cuban contract for the lease of the base is invalid because Cuba was not then on "an equal footing with the United States." Also, Roa said, Cuba did not agree to the lease of its own free will, "because the Cuban people were coerced by a system of government imposed from abroad."

The Castro regime during the past week stepped up its propaganda attacks on the US

administration. A broadcast assailed the US action in providing \$4,000,000 for Cuban refugees in the United States, saying that since the previous administration had allotted only \$1,000,000 to the "counterrevolutionaries," President Kennedy was "four times more the enemy of Cuba" than was his predecessor. President Dorticos told a teachers' rally in Havana on 4 February that the intensification of counterrevolutionary activity by the Roman Catholic clergy and private school students was closely connected with the US action.

The teachers' rally was convoked by the government in an attempt to counter the growing opposition efforts of Catholic students and private educational institutions. The regime's attacks on these groups probably foreshadow a take-over of all Cuban private schools.

Students at private secondary schools and colleges throughout the country apparently participated in large numbers in a "strike" staged on 6 February as a protest against the execution of counterrevolutionaries by government firing squads.

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Acts of sabotage and counterrevolutionary guerrilla activity continue to be reported, and there has been conflicting information on the progress of the campaign by militiamen to isolate and liquidate anti-Castro forces in the Sierra Escambray area of Las Villas Province.

A major fire in a Havana tobacco plant on 6 February causing damage estimated at several million dollars was apparently the result of a sabotage operation.

Newspapers and radio stations have begun a full-scale propaganda offensive to mobilize "volunteers"--including women and children--to harvest the first "people's crop" of sugar cane. A shortage of cane cutters, which has put the harvest behind schedule, has resulted from the government's mobilization of the militia against the alleged US "invasion threat" during most of January. In the city of Guantanamo, municipal police have reportedly been ordered into the cane fields.

The Colombian Government is under increasing domestic pressure to break diplomatic relations with Cuba, partly because of the belief that Cuban agitation has encouraged the rising violence in rural areas of the country. Peru, Paraguay, Nicaragua, Guatemala, Haiti, and the Dominican Republic already have broken or "sus-

pended" diplomatic relations with Havana.

Dominican Republic

the government is on the point of bankruptcy, largely because of Trujillo's long-continuing transfer of his and the government's assets abroad for his own use.

Few Dominicans interpret Trujillo's financial manipulations as evidence that he is preparing to flee the country soon. In fact, Trujillo's present political activities suggest that he feels confident of his position. His main hope of early improvement in the economic situation lies in the sugar crop now being harvested and in the maintenance of legislative arrangements governing its marketing in the United States. Under a law which expires on 31 March, the Dominican Republic obtains more than 200,000 tons of the former Cuban sugar quota with its premium of more than 2.5 cents per pound over the world

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market price. It gets the same premium on its own quota.

US officials in Ciudad Trujillo report that both the regime and dissident elements view congressional action on the Cuban "windfall quota" as the critical test of US policy toward Trujillo, and that the reaction of the dissidents will be strongly adverse to the US if the "windfall" is continued. The consul general believes that if it is canceled Trujillo may break consular relations and expropriate American-owned firms.

The consul general believes Trujillo's general policy will be one of unrelenting efforts to replace representative Latin American governments with dictatorships, continued violation of human rights in his own country, and the encouragement of Communist-type propaganda and commercial contacts with the Soviet bloc.

The recently reported intensification of Dominican plotting against Venezuelan President Romulo Betancourt is probably based on Trujillo's belief that his relations with the US will not improve substantially until Betancourt has been removed from the scene. Trujillo's view is that Washington works against his dictatorship in cooperation with Betancourt because Venezuela's help is needed against Castro and because the US must protect large private investments in the Venezuelan oil industry.

Haiti

President Duvalier appears to be shifting from persuasion

to his customary terroristic tactics in his efforts to end the opposition-supported student strike, the most open challenge to his authority in his three years in office. Early this month he also resumed his attacks on the Roman Catholic Church, which he accuses of supporting the student strike. A bishop was forcibly removed from his diocese on 3 February by the military after a mob, apparently with government sanction, looted his residence and office.

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El Salvador

The five-man civil-military directorate that took power on 25 January has at least temporarily curbed pro-Communist elements. The armed forces apparently continue united and are reported determined to "run the show" until a new government has been elected. They have reiterated their promises of free elections this year and economic reforms to improve the lot of the peasants. There are, nevertheless, indications of a widespread feeling that one military government has simply replaced another.

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PART II**NOTES AND COMMENTS****SOVIET PARTY LEADER DEMOTED**

Averkly Aristov, 57-year-old member of the party presidium, has been relieved of his post as Khrushchev's deputy in the central committee's Bureau for the RSFSR (Russian Republic), which supervises party affairs in the Soviet Union's largest republic. He has been sent to replace Petr Abrasimov as ambassador to Warsaw.

This move, which appears to be the outcome of competition among Khrushchev's lieutenants, deprives Aristov of a place in the Kremlin inner circle and marks another sharp setback in



ARISTOV

his political career. Party Secretary Frol Kozlov, currently thought to be Khrushchev's chosen successor, and RSFSR Premier Dmitry Polyansky appear to be the principal beneficiaries of Aristov's demotion.

By October 1952, Aristov had worked his way into the inner party circle around Stalin, but he lost out in the shake-up in March 1953 following Stalin's

death and was sent to a remote provincial post. He was recalled to Moscow in 1955 as a party secretary and in June 1957--when Khrushchev won his victory over Malenkov, Molotov, and Kaganovich--was again made a member of the party presidium.

By December 1958 Aristov had become Khrushchev's only deputy on the RSFSR bureau. In the reshuffle of the Soviet top leadership last May, however, he was relieved as party secretary "to devote full time to his duties as deputy chairman of the RSFSR bureau." This presumably was a prelude to his current demotion.

Aristov continued to be active in RSFSR affairs through last fall, and the republic was credited at the recent party central committee plenum with relative success in agriculture as compared with other republics. There have been only minor criticisms of the work of the RSFSR bureau.

Aristov, apparently an effective organizational specialist, was in a position to strengthen his personal authority among the influential professional party functionaries in the RSFSR. If unchecked he might have been able to develop a party machine strong enough to pose a serious obstacle to any attempt by Kozlov to take over undivided control of the Soviet Union when the question of the succession arose.

Gennady Voronov, one of the candidate members elected to the party presidium at the central committee plenum in January, replaced Aristov as

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deputy chairman of the RSFSR bureau. As a newcomer, he probably will be in no position to challenge Polyansky's authority in the RSFSR. Polyansky has been increasingly in the public eye, visiting the provinces and acting as principal spokesman for the republic,

and he may have resented sharing authority with Aristov.

Abrasimov, who had been ambassador to Warsaw since September 1957, said [redacted]

[redacted] that he was returning to a ministerial job or to "party work." [redacted]

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SINO-SOVIET RELATIONS

In sharp contrast to the bitter and open differences expressed by the Soviet Union and China in the period before the November conference of world Communist leaders in Moscow, the two countries today are attempting to preserve an air of cooperation and agreement that belies the significant and basic disagreements which still exist. Comments from both countries continue to stress the importance of Sino-Soviet solidarity, and in Laos, where points of friction might be expected to arise, there appear so far to be no significant disagreements.

able that a decision to reduce the total blackout of opposing opinion was one of the agreements reached at Moscow in November.

It is likely that the image of Chinese-Russian friendship will be given even greater emphasis during the celebrations on 14 February of the 11th anniversary of the signing of the Sino-Soviet Friendship Treaty. By insisting that Sino-Soviet solidarity is the "core" of the whole Communist movement, however, the Chinese are in effect warning the Soviet Union that it must give Chinese views serious consideration. They emphasized that they will "defend" the Moscow statement, just as they "defended" the 1957 Moscow declaration--in fact they used it to support their arguments in the dispute. Peiping thus appears to be giving notice that it is free to challenge those aspects of Soviet policy with which it disagrees.

During the period when the ideological dispute was most acute, Moscow and Peiping stopped reprinting texts of important speeches and resolutions adopted in the other country. Since November, however, the Soviet Union has reprinted the text of a December People's Daily editorial on the significance of the November meeting and an incomplete text of the Chinese central committee resolution on the meeting.

Taking their cue from Khrushchev's 6 January speech on the conference, Soviet commentaries have stressed those aspects of the statement which reflect the positions maintained, in the face of Chinese criticism, before November. In that speech, Khrushchev went beyond the Moscow declaration in discussing policy toward the West; he restated his intention to engage the West in further high-level talks and developed the rationale behind this intention.

For their part, the Chinese have reprinted Khrushchev's January speech, Suslov's report to the Soviet central committee on the meeting, and at least parts of that body's resolution. Since all this material contained clearly differing views on how the struggle against imperialism should be conducted and on other disputed issues, it seems prob-

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Peiping, probably reflecting its continuing fear of high-level Soviet-US negotiations which might result in some stabilization of the world situation and a consequent reduction in tension, has been trying to keep pressure on Khrushchev to act in accordance with the militant tone adopted at the conference. The Chinese seem to feel that the declaration commits the world Communist movement to Peiping's tougher approach to world events. They have not, however, returned to the polemics which marked Sino-Soviet relations prior to the November conference.

Three major statements in 1961--a Red Flag article of 1 January, the Chinese Communist party's resolution on the Moscow meeting adopted on 18 January, and a People's Daily editorial of 22 January on the party resolution--all underline those aspects of the Moscow declaration favorable to Peiping's militant precepts. While all three articles indicate that the basic dispute between Peiping and Moscow remains unsettled, the People's Daily editorial uses the strongest language in making Peiping's points.

The editorial urges "unyielding struggle" against imperialism and support for revolutionary forces everywhere, reiterates that the US is the "main enemy," and insists that the situation in colonial areas and even in parts of Europe--Belgium in particular--is ripe for revolutionary action. It distorts the Moscow statement by asserting that the strengthening of revolutionary forces is "completely identical" with the interest of safeguarding world peace.

The editorial surpasses other Chinese comment since the

November conference in showing satisfaction with the work of the Chinese delegation in Moscow. Expressing Peiping's belief that the Chinese scored a victory at the conference, it states, "We are particularly glad that the fundamental principles and revolutionary spirit of Marxism-Leninism, in which the Chinese Communists and the Communists in other countries have for many years persisted, are clearly reflected in the Moscow statement."

Aside from theoretical discussions, Peiping has shown in at least three areas that it is pulling in the opposite direction from Moscow. On the new US administration, Peiping, while not directly contravening the Soviet line, has continued to publicize its uncompromising views toward the US Government.

Toward Albania, Peiping continues to demonstrate its "inviolable" friendship despite the obvious and public displeasure displayed by the Soviet Union and the East European satellites toward Albanian "deviationism." In discussing new economic agreements recently concluded with Albania, People's Daily on 3 February, in an apparent jibe at Moscow, emphasized the correctness of the statement in the Moscow declaration that socialist countries "big and small" have equal rights and should "support each other."

Finally, Peiping, along with Albania, has refused to follow the more energetic policy, pursued by the USSR and the Eastern European satellites since December 1960, of seeking to improve relations with Yugoslavia.

Below the surface calm achieved by the November meeting, therefore, strong discontent with each other's views

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continues to exist in Peiping and Moscow. It can be expected to erupt when either of the

parties oversteps the limits within which they have apparently agreed to disagree.

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PEIPING MOVES TO ALLEVIATE DISCONTENT

Meager rations and long working hours have increased discontent in Communist China,

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In January peasants living near Shanghai and Canton were said to be resorting to all possible artifices to obtain food and to be making no effort to veil their dissatisfaction. Party cadres --who generally receive preferential treatment--were becoming increasingly unpopular,

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discontent is rising among cadres, public security officials, and army personnel, as their rations have also been cut.

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rumors current in Peiping in late December that peasant organizations hostile to the regime have been springing up throughout the countryside. According to these rumors, some areas in western China and Tibet have been "freed" from government control.

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Although such stories have undoubtedly been exaggerated, dissatisfaction has become widespread enough to force Peiping to make some practical concessions inimical to its basic philosophy. "Black markets" are reportedly operating in the major cities, except Peiping, allegedly because the authorities fear that closing them would increase resentment. In-

centives, long neglected because the top leadership believed that it could substitute enthusiasm for material rewards, now are being re-emphasized. A Kwangtung provincial paper stated in December that "small freedoms"--allowing peasants to cultivate their own gardens and to market produce grown on them in free markets--would be a long-term policy.

The Communists thus are countenancing the "bourgeois tendencies" against which they inveighed endlessly in the past.

Even more striking evidence of the regime's concern about food shortages is seen, however, in recent imports of food. Firm Chinese grain purchases from the free world now total about 2,400,000 tons, worth at least \$160,000,000, from Canada, Australia, and Burma, and further sales are reportedly under negotiation.

Other information points toward a sharp reduction in Chinese agricultural exports to both bloc and nonbloc destinations this year. The Chinese have informed Ceylon that Chinese rice will not be shipped under this year's rice-rubber pact, but the commitment will be filled with re-exports of Burmese rice.

Chinese grain imports, the increasing petroleum and fertilizer purchases from the West,

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and the expense involved in moving such large quantities of cargo have already placed a heavy burden on China's financial resources. There are reports that the Soviet Union has advanced sterling to finance the Chinese buying spree, but such a course appears unlikely. Other possible methods of Soviet assistance, such as allowing even further increases in China's short-term indebtedness to the USSR, would be of little value in easing the pressure on Peiping, since the desired goods must come from outside the bloc.

Rather than rely on Soviet aid, Peiping probably has decided to stretch its financial reserves as far as possible. This may involve gold sales, perhaps an increase in Chinese exports to Hong Kong and Western Europe, and probably a decrease in imports of certain Western commodities. Chinese delaying

tactics in current trade negotiations with the USSR and the European satellites probably reflect Peiping's moves to carry out such adjustments in its foreign trade policy.

The Chinese Communists are exhibiting considerable sensitivity to the publicity their economic difficulties are receiving abroad. Foreign Minister Chen Yi observed on 4 February that "imperialists and certain reactionaries are now rejoicing and taking malicious delight...but they rejoice too early...the Chinese people will surely be able to surmount all difficulties, including natural calamities."

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NORTH KOREA HALTS REPATRIATION OF KOREANS IN JAPAN

Pyongyang has suspended the program under which nearly 55,000 of the 600,000 Koreans living in Japan have been repatriated to North Korea. Two Communist repatriation ships were scheduled to reach Niigata, Japan, on 9 February, but their arrival has been postponed indefinitely. Although concern that an influenza epidemic in Japan might spread to North Korea is given as the excuse, it appears that the sharp drop in applications for repatriation has proved embarrassing to the Communists, who agreed in November to accelerate the program.

Chosen Soren, the leftist federation of Korean residents in Japan, at one time confidently predicted that over 200,000 Koreans would seek repatriation

to North Korea. Between December 1959--when the first group left--and November 1960, an average of 1,000 Koreans left Japan each week for North Korea. Since November, however, the weekly totals have declined. For the trip on 20 January, only 669 reported to the repatriation center at Niigata, although 1,084 applicants had been alerted. New registrations in January remained low, but Chosen Soren asserts that the rate will increase in April when the weather improves.

North Korea has apparently had difficulty settling repatriates.

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Pyongyang has used the repatriation issue to irritate Japan's relations with South Korea, which strongly opposed permitting the Koreans in Japan to migrate to the Communist North. Seoul suspended trade relations with Japan in June 1959 when it was first reported that the Japanese and North Korean Red Cross Societies were nearing agreement on a repatriation program. The trade ban was lifted in April 1960, as one of the last acts of the Rhee government.

The repatriation program is still a potential irritant

in Japanese South Korean relations, but the problem is, in effect, being ignored. Seoul and Tokyo now have agreed to negotiate on the status of Korean residents in Japan as part of their efforts to reach an over-all settlement of outstanding differences. Nevertheless, Pyongyang is still hopeful that the repatriation issue will afford opportunities to obstruct a Japanese - South Korean rapprochement, and it is likely that the North Koreans will resume the program later this year as a backlog of applications builds up.

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SOVIET-JAPANESE FISHERY NEGOTIATIONS

The annual talks between the USSR and Japan over fishing rights in the northwest Pacific began on 4 February. Discussions between Soviet and Japanese officials preceding the formal negotiations suggest that the USSR will continue to insist, as it has for several years, that the Japanese salmon catch be further reduced. The quota was set at 120,000 tons in 1957 and has been steadily lowered--to 67,500 tons in 1960. The 1960 agreement also enlarged the zone in which Japanese fishing is prohibited; it now includes an area Japanese fishing interests considered vital to their smaller fishing operations.

The USSR has been concerned over declining salmon resources and has attempted each year to continue the talks for several months in order to obtain maximum concessions. The Japanese come under pressure from their own fishermen to reach an agreement in time for the fishing season, which usually begins

in mid-May.

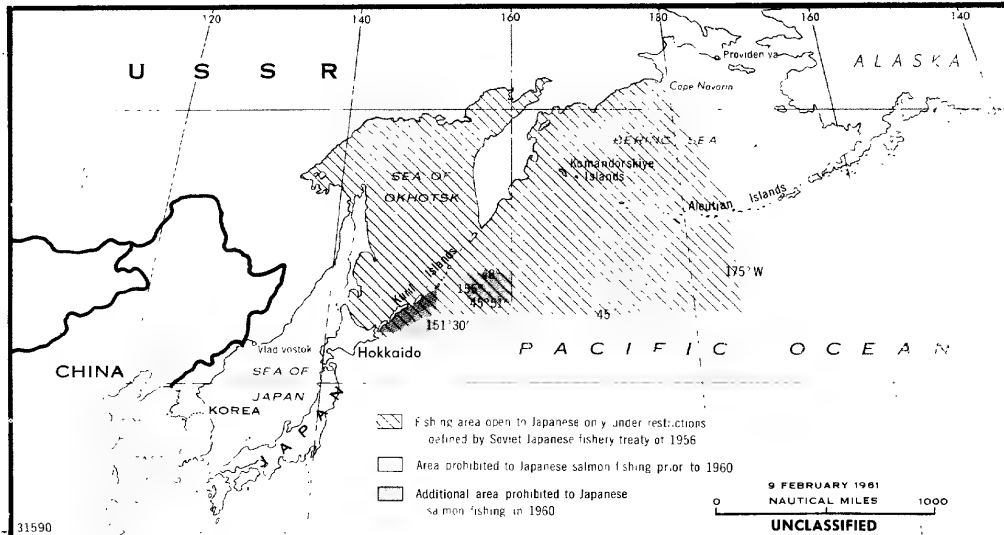
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Since 1959 the United States has sought unsuccessfully to obtain an invitation to send an observer to the annual meeting of the Northwest Pacific Japanese-Soviet Fisheries Commission. The Soviet delegation has insisted on an unconditional invitation for a US observer to attend all sessions, while the Japanese wished to restrict attendance to certain scientific sessions. This year the USSR and Japan have agreed to allow a US observer for the scientific and technical meetings. His attendance at the plenary sessions of the Fisheries Commission, which begin on 20 February, will be contingent on a decision to be reached at the scientific meetings.

It seems likely that the Soviet Union is reasonably sure

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of proving its case that there must be a southward expansion of the zone off the Kamchatka Peninsula and Kuril Islands, in which Japanese fishing is restricted.

Japanese Foreign Minister Kosaka also appealed to the Soviet fisheries minister to enter into negotiations with Japan on safe fishing operations. He pointed

out that small Japanese fishing boats operating in the Northern Pacific are frequently seized by Soviet authorities for alleged infringement of the fishery agreement. The Soviet delegate replied that Moscow did not consider the present attitude of Japan friendly to the USSR and reiterated the official Soviet position adopted in 1958: that such problems could not be settled until a peace treaty had been concluded.

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INDIAN THIRD FIVE-YEAR PLAN TO BE EXPANDED

India's recent decision to raise by \$525,000,000 expenditures under the Third Five-Year Plan, which is scheduled to begin on 1 April, was the result primarily of pressures on Nehru and other cabinet members by politicians in the Indian states who have an eye on next year's national election. Chief beneficiaries of the boost will be state programs in agriculture, transport, and power.

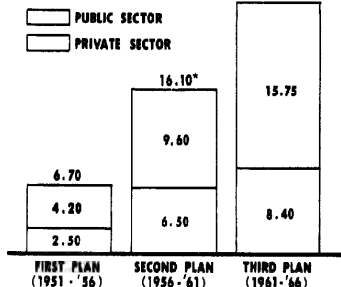
All of the increased investment is earmarked for the publicly owned sector of the economy, in which proposed outlay now has been set at \$15.75 billion. Estimated investment in and by the private sector--\$8.4 billion--remains the same as originally forecast but may, as in the Second Plan, exceed the estimate. Total outlay for the new plan now will be \$24.15 billion.

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INDIA
OUTLAY FOR THREE FIVE-YEAR PLANS
(BILLION DOLLARS)



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* ESTIMATED

** PROPOSED

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Finance Minister Desai, who opposed the increase on the grounds that it would aggravate already dangerous inflationary pressures and raise the foreign exchange costs of the plan by an additional \$300,000,000, was instrumental in preventing an even bigger increase sought by the states. The states, however, have been assured that starts will be permitted on additional projects during the latter stages of the plan on a funds-available basis; these will then be carried over to the fourth plan (1966-71).

Desai has hinted that increased excise taxes may be imposed on "luxury" items to fi-

nance part of the new investments. He has given no indication, however, how he expects to cover the increased foreign exchange costs, now pushed to at least \$5.8 billion. This entire amount must be obtained from external sources, inasmuch as Indian foreign exchange reserves, now hovering around \$320,000,000, are as low as the Indians feel they can safely be allowed to drop. To date New Delhi has succeeded in obtaining foreign aid commitments amounting to less than 25 percent of what full implementation of its new plan will require.

India will receive more than one billion dollars' worth of surplus agricultural commodities from the United States under the PL-480 program, but the \$5.8 billion foreign exchange requirement is in addition to this.

With mounting political and economic problems on all sides, both Nehru and Desai feel compelled to launch an ambitious and imaginative program, adjusting to shortfalls if necessary, rather than risk not meeting India's requirements by initially aiming too low.

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IRANIAN ELECTIONS NEARING COMPLETION

The Iranian parliamentary elections in progress since mid-January and now nearing completion have stimulated the strongest antiregime sentiment in recent years. The elections, which ended in Tehran on 4 February, will probably be finished in the remainder of the country in a few days, and the 200-member Majlis may be organized about the middle of

the month. Government-backed candidates, including fourteen "independents," appear to have won as planned in nearly all constituencies. Allahyar Saleh, a popular moderate nationalist who is distrusted by the Shah because he once supported ex-Premier Mossadeq, was permitted to win in Kashan in an attempt to convince the public that the elections were free.

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The strongest protest demonstrations in connection with the elections have occurred in Tehran, where university students, led by nationalists and probably with the support of Tudeh (Communist) elements, struggled with the police, threw stones, forced the bazaar to close, and called for the overthrow of the Shah. Tehran University and a teachers' training college have been closed by the government. A group of nationalist leaders has taken asylum in the Senate to protest the arrest of student leaders. Student demonstrations have been getting weaker, but a bloody clash is still possible and would do much to increase opposition to the regime. The general public apparently has not joined in the demonstrations.

The cancel-
lation of the elections last August and the resignation of Premier Eqbal because of rigging at that time apparently led the public to expect some free choice in the current round. There are no indications that the Shah is again considering canceling the elections, but he may find it expedient to remove some provincial governors or high officials as scapegoats.

General Bakhtiar, chief of the Iranian National Intelligence and Security Organization, who was instrumental in persuading the Shah to cancel the August elections, has chosen to absent himself from Iran at this time. This demonstration of noninvolvement in election rigging may significantly increase his political potential.

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DISCONTENT IN ETHIOPIA

The situation in Ethiopia appears to be deteriorating further; the American ambassador has characterized it as a "state of aimless drift." Emperor Haile Selassie has failed to reassert his strong personal leadership and continues to delay naming a new government. Preoccupied with security matters during the eight weeks following the abortive coup, he is being offered conflicting advice by contending political factions, each of which he is said to have encouraged. Either the Emperor has not yet decided which group to support, or he intends to follow his earlier policy of playing off one faction against the other.

Meanwhile, the basic conditions which caused the uprising persist. The country is extremely primitive: per capita income is among the lowest in Africa and the illiteracy rate approaches 95 percent. The social structure remains essentially feudalistic, with the Amhara tribal aristocracy monopolizing the government. The regime's most vocal and potentially dangerous critics are among middle-level government officials and the growing number of young, largely foreign-educated progressives who seek rapid social and economic reforms.

The Emperor appears primarily concerned with pressing

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charges against those who participated in or sympathized with the recent challenge to his authority and in rewarding his defenders. On 6 February four generals who remained loyal during the revolt were decorated and promoted, but the Emperor has made only one appointment--a new minister of defense--to replace the several ministers killed by the rebels.

over his fate has increased public sympathy for the objectives espoused by leaders of the abortive coup. Over 30 persons have been flogged for "spreading false rumors" in Addis Ababa; dissident elements nevertheless continue to circulate antiregime rumors, and leaflets are being distributed in the capital seeking support for the rebel cause.

The American ambassador, commenting on the upcoming trial of the popular rebel leader General Menghistu--former commander of the Imperial Body Guard--believes that new disorders could break out in Addis Ababa if Menghistu is condemned to death. Widespread concern

DISSENSION IN FRENCH COMMUNIST PARTY

Dissension has been developing within the top leadership of the French Communist party (PCF). In mid-January charges of rightist deviation were made against politburo members Marcel Servin and Laurent Casanova. Although the two are charged with criticizing Khrushchev's policy of peaceful coexistence, the dispute centers primarily on their dislike of the PCF's policy of total opposition to

BACKGROUND

Under the Fifth Republic's revised electoral law of 1958, the French Communist party has lost all but 10 of the 144 seats it formerly held in the National Assembly. However, it is still the largest (an estimated 250,000 card-carrying members) party in France and retains a strong voting appeal. It also provides leadership for the largest labor organization, the General Labor Confederation (CGT). It has had increasing difficulty, however, in getting the rank and file to follow party directives and it repeatedly complains of declining membership. Secretary General Maurice Thorez, a long-time Stalinist, was temporarily thrown off balance by de-Stalinization in the USSR. He has, however, continued to follow the Moscow line and he appears to be firmly in the good graces of Khrushchev.

De Gaulle, particularly with respect to his Algerian policy. Support for the deviationist views is evident among lower echelons

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**SERVIN****CASANOVA**

of the party, and Secretary General Thorez apparently fears that strong disciplinary action would provoke extensive defections.

Both members of the politburo since 1954, Servin heads the PCF's Organization Section, while Casanova handles the activities of intellectuals under party control. Casanova was credited with halting major defections from the PCF at the time of the Hungarian revolution. Both men first came under open attack at a central committee meeting in January, but Thorez claims their deviation dates back at least two years. Official French sources say they have been excluded from activities of the politburo since July 1960; they retain their membership on that body, however.

Servin and Casanova apparently have argued that the brunt of the party's attack should fall on French rightists rather than on De Gaulle, whom they regard as "head of the liberal faction of the bourgeoisie." Thorez, however, insists De Gaulle heads a regime of "nationalistic demagoguery," controlled by the "monopolies" and pursuing policies leading to fascism.

The deviation charge arose immediately from disagreement over the PCF's decision to vote "no" in the January referendum on De Gaulle's Algerian policy. Servin and Casanova allegedly differed with Thorez' view that De Gaulle, by attempting to build a third force in Algeria, with which to negotiate a settlement, was trying to circumvent talks with the Algeri-

an rebel government. They opposed the PCF's refusal to join with non-Communist organizations in demonstrations for a negotiated peace in Algeria. Casanova was charged with refusing to set up within the PCF's peace movement a network of committees for peace in Algeria.

**THOREZ**

Thorez has also injected some elements of the Sino-Soviet dispute into this case. He has charged that his two lieutenants --like the Chinese--oppose Khrushchev's peaceful coexistence policy. He stated that they had approved publication of an article implying that the

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policy of coexistence had actually consolidated the "imperialist countries."

The PCF Paris daily, L'Humanité, has published extracts of resolutions of regional PCF organizations supporting Thorez' position on the nature of the De Gaulle regime and Algerian policy. Certain of these extracts, however, indicated that Servin and Casanova's views are shared at lower party echelons.

Thorez, in an obvious reference to the high party posi-

tions still held by Servin and Casanova, has stated that "a comrade may not be in agreement and may keep his opinions provided he does not belong to the leadership." There are indications, however, that he is trying to persuade the two deviationists to recant, presumably considering them too prominent to remain as simple rank-and-file dissidents. The PCF probably fears that defections from the party would result if strong action were taken against the two.

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FINLAND AND THE OUTER SEVEN

The proposed participation of Finland in the European Free Trade Association (EFTA or Outer Seven) will be a major issue at the EFTA council meeting opening on 14 February. EFTA's members generally accept the political desirability--even necessity--of an association arrangement in order to prevent Finland from coming under increased Soviet economic and political influence. Ties with Finland, however, have potentially far-reaching implications for the Seven as a whole and for its relations with the bloc, the Common Market (EEC), and GATT.

Most of the difficulties stem from President Kekkonen's agreement last November to extend to the USSR the same tariff treatment Finland would give its EFTA partners--a concession he thought necessary to win Moscow's assent. EFTA now seems to feel that the economic consequences of Kekkonen's agreement would not necessarily be serious either for Finland, whose trade with the USSR is governed by quotas, nor for EFTA, which is already keeping track of imports from outsiders with a certificate-of-origin system.

The political problems of Moscow's "foot in the door" are, however, proving much more difficult.

Accordingly, EFTA is leaning toward setting up with Finland a new eight-nation free-trade area which would be formally separate from EFTA itself. This elaborate device would be intended to exclude Finland from consideration of such sensitive questions as a possible merger of the Seven with the Common Market, which Finland, under Soviet pressure, might object to. It would also be intended to afford members of EFTA proper, notably Austria, perhaps additional protection against Soviet demands for most-favored-nation treatment such as that Finland has already conceded.

With respect to the problem of obtaining from GATT the waiver Finland would require to give this privileged position to the USSR, EFTA countries seem inclined either to claim very "special circumstances" or, if permitted, simply to ignore their GATT obligations.

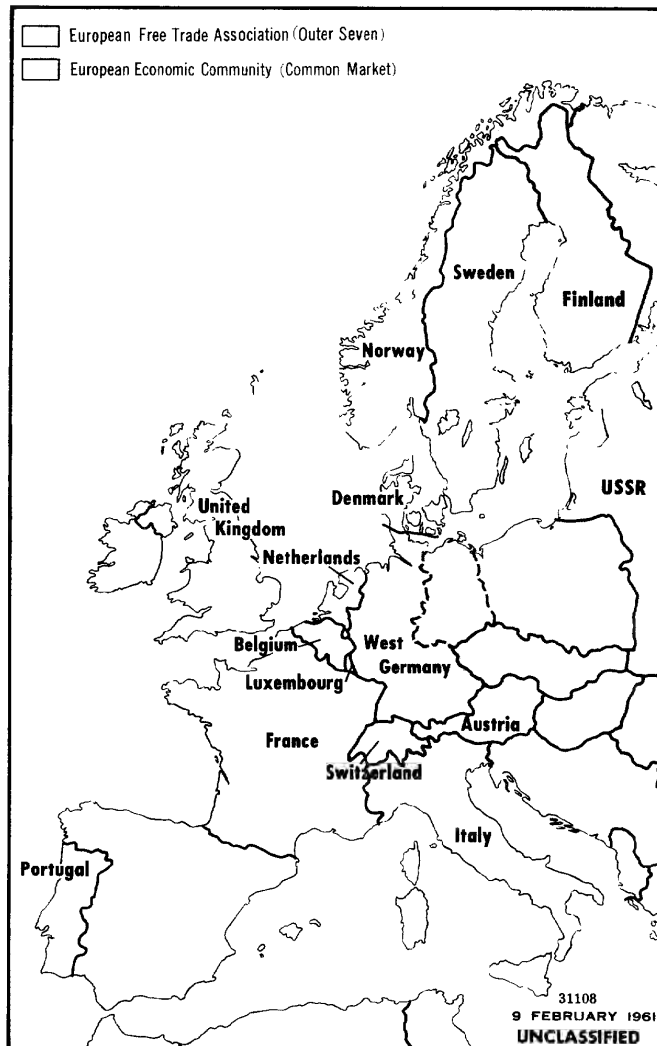
While continuing to show irritation with the Finns for

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having "caused" these problems, EFTA is in turn being privately criticized for seeming to bend its efforts toward "living with" the Finno-Soviet agreement rather than trying to find real alternatives. The association problem is also becoming increasingly involved in the rivalry between the EEC and the Outer Seven. Accusations have been heard from the EEC that the EFTA, in pressing the Common Market to take a stand on the GATT issue in advance of an EFTA-Finnish agreement, is attempting to shift responsibility in the event Finland's accession bid is rejected. Officials from the Seven, on the other hand, have accused the Common Market of spreading rumors that EFTA, which has three neutral members, is "soft" toward the bloc.

There is little likelihood that Finland could be persuaded to make a new approach to the USSR in the event EFTA should decide to suggest this. The Finns regard the agreement as the final Soviet word. Even if they should return to Moscow, there is a risk that Moscow might either impose still harsher terms for Finland's association with EFTA or offer Finland alternative economic concessions which would tie it even more closely to the



USSR. Although Kekkonen's domestic prestige would be adversely affected by EFTA's rejecting Finland's application, Kekkonen would probably weather the adverse criticism by placing the onus on EFTA, and even strengthen his position by calling on all Finns to stand together in the "crisis."

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PART III**PATTERNS AND PERSPECTIVES****"GUIDED DEMOCRACY" AND THE INDONESIAN COMMUNIST PARTY**

Sukarno, Indonesia's President for the past 15 years, has since 1957 promoted a "guided democracy"--essentially a refutation of parliamentary government in the Western sense--as a means of solving Indonesia's many problems. In imposing this concept, his principal support has come from the Communist party (PKI) and from the army, which is anti-Communist; by counterbalancing these opposed groups, he has retained his own pre-eminent position.

The Communists have benefited from their association with Sukarno and now have the largest and most vigorous party in Indonesia. They therefore are likely to continue to support him, despite apprehension among some members that "guided democracy" conflicts with the party's ultimate program.

Sukarno sees the goals of "guided democracy" as national unity and social justice. These are to be achieved through a government-controlled economy, an ambitious economic development plan, suppression of anti-government guerrilla warfare and of political elements which actively oppose "guided democracy," a controlled press, and the de-emphasis and perhaps abolition of political parties. Two anti-Communist parties which resisted "guided democracy" were dissolved last August: the large Moslem Masjumi party and the small but articulate Socialist party.

The President provides the guidance, and his cabinet executes the laws which a rubber-stamp parliament has passed. The Supreme Advisory Council, the National Planning Board, and the Economic Development Council, along with the cabinet,

assist the President in formulating policies.

"Guided democracy" also envisages a multilevel mass organization--the National Front--in which all loyal political parties and functional groups are to submerge their identities and interests and support the government.

As Sukarno interprets his concept, the significant socio-political elements of Indonesian society--religious, nationalist, and Communist--must merge. In order to achieve such a merger they must work together throughout the structure of "guided democracy" from the cabinet to the village units of the National Front.

Beginnings of "Guided Democracy"

Sukarno has always been interested in mass political movement. Probably the greatest influence in his youth was Tjokroaminoto, a nationalist leader who combined Communist, nationalist, and Islamic elements in one political movement and apparently in one political philosophy.

In the 1920s, under the Dutch colonial administration, Sukarno federated all Indonesian nationalist movements. He constantly emphasized unity and mass action, asserting that the independence movement could not have an Islamic basis, nor should it await assistance from international Communism.

Sukarno paved the way for "guided democracy" during the closing days of the Japanese occupation, when Tokyo was preparing to give Indonesia independence. In a now famous speech

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of 1 June 1945, he synthesized Western, Islamic, Marxist, and indigenous village communal ideas. He outlined five principles--the Pantja Sila--which he proposed as the philosophic foundation of an independent Indonesia. The principles are nationalism, humanitarianism or internationalism, democracy or agreement through conferring, prosperity or social justice, and belief in God. He stated that he could compress the five principles into one--the traditional Indonesian concept of "gotong rojong," roughly translated as mutual cooperation.

The Indonesian Republic, during the four years of intermittent warfare with the Dutch which followed the proclamation of independence on 17 August 1945, operated under a hastily written constitution which incorporated the Pantja Sila and provided for a highly centralized government. With the transfer of sovereignty in late 1949, European-trained Indonesian leaders--Sukarno was educated in Indonesia--who had already promoted the development of political parties, succeeded in establishing a parliamentary government under a new constitution based on European models.

The multiparty system required the formation of coalition governments, each badly hampered by party rivalries and averaging less than a year in office. The first national elections--held in 1955--allotted seats on a basis of proportional representation and perpetuated the numerous parties.

To end the ineffectiveness of the government and the continuing divisive tendencies within the nation, Sukarno decided to take personal action. In 1956 he announced that his

visits to the United States, the Soviet Union, and Communist China would permit him to "see both sides and decide what is best for Indonesia." He returned from his tour determined to institute his "guided democracy."

Postwar Communist Party

The Communist party played little part in the events surrounding Indonesia's declaration of independence in August 1945. As a result of Dutch and Japanese oppression, the party was small and poorly organized and had no leaders of high caliber.

In late 1945 the Communists--after 20 years underground--re-established themselves as a legal party when the Indonesian Government permitted the formation of political parties. A Moscow-trained Indonesian, Musso, arrived in August 1948 to assume leadership of the still small and poorly organized party. He directed it to work toward establishing a national front, and particularly toward attracting the army.

Madiun Revolt

In September 1948, pro-Communist army elements in Central Java, resentful over reports that the government planned to remove them, seized the town of Madiun and adjacent areas. Communist party officials called on the people to overthrow Sukarno as a "lackey of American imperialism."

Sukarno broadcast an appeal to the people to choose between him and the Communists, and the army quickly subdued the rebellion. Most of the party's leaders fled or were

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executed, and the party organization was reduced to near inactivity.

The Communists have not forgotten their mistake at Madiun. They had placed themselves in the impossible situation of opposition to Sukarno, a mass leader of extraordinary skill and symbol of revolution. In writing the history of the Madiun revolt, the Communists later placed the blame on Mohamed Hatta, who was the prime minister at the time, and avoided any mention of Sukarno.

PKI 1948-1958

The Communist party, deprived of its seats in the legislature after Madiun, was reinstated in December 1949 when the Netherlands recognized Indonesian sovereignty. Its efforts at united front tactics were relatively unproductive until the spring of 1952, when a combination of political shifts and rivalries in the chaos of Indonesian politics produced greater tolerance for Communist activity and more opportunities for it to maneuver.

By 1955, the Communists had become a first-rank party when they polled the fourth largest popular vote--over 6,000,000 votes--in the closely fought national parliamentary elections of that year. In the 1957 provincial elections, which were never completed, the Communists had become the largest party in Java, which has 60 percent of Indonesia's population, and polled over 7,000,000 votes in Java and Sumatra alone. These advances can be attributed not only to official tolerance of Communist activity but also to the party's hard work

and its identification with Sukarno and his policies.

"Guided Democracy" and the PKI

In 1958, in order to provide a legal basis for "guided democracy," Sukarno began maneuvering for the return to the 1945 constitution, which called for a presidential cabinet and de-emphasized legislative powers. The Communists, who were concentrating on parliamentary tactics and who anticipated that another election would catapult them into a position of such strength that they could demand and get cabinet participation, at first indirectly opposed Sukarno. Chairman Aidit stated that Indonesia needed both the leadership of President Sukarno and the "democratic parliamentary system." The PKI encouraged non-Communist parties to agitate against the 1945 constitution.

As it became obvious that Sukarno was adamant, however, the Communists changed course and vigorously supported him, along with other secular parties who feared to offend the President. Sukarno proclaimed the 1945 constitution by decree in July 1959.

During the next 18 months, Sukarno proceeded to fill in the structure of "guided democracy." Approximately 25 percent of the members of the appointed legislative bodies--the House of Representatives and the People's Congress--are either Communist or susceptible to Communist direction. The same is true of the Supreme Advisory Council and the Economic Planning Board. Approximately 30 percent of the members of the executive bodies of the National Front are similarly oriented. The lower

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levels of this organization have not yet been selected but are likely to reflect the composition of the executive boards. Both PKI chairman Aidit and deputy chairman Lukman sit on the 19-member Economic Development Council, which will review the ambitious Eight-Year Development Plan.

The Communists are not directly represented in the cabinet. Sukarno wants to appoint them to balance army participation but thus far has hesitated to do so over army opposition.

The Communists' presence in the two legislative bodies gives the party prestige but little real influence. Their work in the advisory councils seems so far to have had little effect; the councils' output has faithfully reflected Sukarno's orders. The cabinet, where the Communists will press for participation, and the still-incomplete National Front appear to be the organizations with which the party can make the greatest gains.

Meanwhile the party will continue to use its influence as the country's only significant mass organization to press Sukarno to expand and extend his already leftist policies. Despite the government's de-emphasis of political parties, the Communist party continues active at the village level, partly in anticipation of national parliamentary elections which are tentatively scheduled for 1962. Already strong in the labor movement, it is concentrating on organizing the peasantry and infiltrating the army and police.

Intraparty Differences

Although cooperation with Sukarno has increased Communist strength and prestige, minority elements in the PKI reportedly have voiced discontent over continued support of "guided democracy." Severe Communist criticism of the cabinet in July 1960 may have reflected the influence of these elements. The army, retaliated by arresting and interrogating party leaders, and, in three outlying provinces, it banned activities of the party and front groups.

The party therefore planned to hold both a central committee plenum and an emergency party congress later in the year. The plenum reportedly was to be called to resolve growing "internal contradictions" over party policy toward the government's programs, to examine whether "people's democracy" is attainable through "guided democracy," and to define tactics for the establishment of a national front.

Before the congress or plenum could be held, however, Sukarno began to obstruct the army's anti-Communist campaign. During the fall of 1960, party representatives in the national congress joined in approving Sukarno's steps toward implementing "guided democracy." The party congress was canceled, and the central committee plenum, when finally held in late December 1960, approved government decisions on "guided democracy" and ratified adjustments in party rules which had been made to conform with Sukarno's decree on political parties.

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Party chairman Aidit apparently regards the next phase of "guided democracy"--i.e., Communist participation in the cabinet--as sufficiently similar to the party's limited goal of a united front government to merit the PKI's continued support.

Sukarno and the Communists

Sukarno regards the Communist party, with its claimed membership of 1,500,000, as an efficient mass-based organization which owes much of its success and probably its very existence to its identification in the public mind with him and his policies. He presumably believes that he can use it to promote his policies and control it by threatening to withdraw his protection. Although apparently aware that the party could ultimately threaten his personal position, he does not seem to regard it as part of an international movement which threatens the country's independence.

The Communists, although aware of the benefits of "guided democracy," apparently are periodically afflicted with the traditional Communist fear of losing their identity in a general movement. More than balancing this fear, however, is the party's awareness that it is not yet in a position to discard Sukarno. Still the key leader in Indonesia, his power base is support by the masses, particularly those of Java, where the Communists draw their principal strength.

The party's tactics must also take into consideration the Sino-Soviet bloc's overall policy toward the President. The bloc is carefully cultivating Sukarno by treating him as a major Asian-African leader, by strongly supporting his long-standing claim to Netherlands New Guinea, and by extending large-scale economic and military assistance.

Outlook

Sukarno apparently envisions "guided democracy" not only as a means of reaching national unity and development but also as a means of controlling those elements which threaten his own position. As long as the Communists continue to support "guided democracy," he is unlikely to permit--and the Indonesian Army is unlikely to take--oppressive action against them. The primary political question in Indonesia is: How far will the Communist party and Sukarno go in exploiting each other and which will be the loser?

Sukarno's long-range strategy is the evolution of a mass movement in which political identities are merged. Paralleling this is the achievement of an economic "liberation" for the average Indonesian, who will owe its accomplishment to Sukarno. In this utopia of cooperation and prosperity, Sukarno believes, the Communist party and the program will be overwhelmed and forgotten. Its members, whom Sukarno regards as more Indonesian than Communist, will have been educated to cooperate willingly in a "gotong rojong" society, and "Indonesian socialism" will have been achieved.

Meanwhile, Sukarno must balance the PKI against the army while at the same time insisting that the two forces work together. Although he would not hesitate to maneuver against the party if he felt it threatened his position, the party is unlikely to give him reason for doing so until, confident of support by the masses, it feels strong enough vis-a-vis the army to discard him. The outlook for the foreseeable future is one of continued Communist gains, including participation in the cabinet.

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